

Message Text

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AMEMBASSY OSLO

AMEMBASSY HELSINKI

AMEMBASSY STOCKHOLM

C O N F I D E N T I A L STATE 164561

FOLLOWING REPEAT STATE 164561 ACTION TOKYO PARIS

BONN HAMBURG MOSCOW WARSAW MONROVIA BRUSSELS INFO

LONDON THE HAGUE GENEVA USUN NEW YORK MADRID CANBERRA

BRASILIA BUENOS AIRES EC BRUSSELS PANAMA NEW DELHI PEKING

29 JULY

AND REPEATED TO OECD PARIS 1 AUGUST.

QUOTE

C O N F I D E N T I A L STATE 164561

E.O. 11652: GDS

TAGS: ETRN, UNCTAD, UN

SUBJECT: SHIPPING: CODE OF CONDUCT FOR LINER CONFERENCES

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REF: A) STATE A-5007; B) STATE 142018; C) TOKYO 9342

SUMMARY: US DOES NOT WISH CONVENTION ON SUBJECT TO ENTER INTO FORCE. FOLLOWING IS PLAN OF STRATEGY AND ACTION REQUESTED OF ADDRESSEE POSTS.

1. US OBJECTIVE: FOR REASONS SET FORTH IN REFAIR, WE DO NOT WISH CONVENTION ON CODE OF CONDUCT FOR LINER CONFERENCES (ADOPTED AT GENEVA, APRIL 6, 1974) TO ENTER INTO FORCE. IN VIEW HOWEVER OF OVERWHELMING VOTE IN FAVOR OF CODE (ALTHOUGH BY-COUNTRY VOTE DOES NOT ADEQUATELY REFLECT RESPECTIVE VIEWS MEASURED BY ECONOMIC INTERESTS INVOLVED) AND PROBABLE SENSITIVITY ESPECIALLY IN MANY LDC'S TO ANY US EFFORT TO "ATTEMPT TO THWART WILL OF UNCTAD MAJORITY", WE BELIEVE THAT US BILATERAL EFFORTS NEED, AT LEAST INITIALLY, BE EXTREMELY DISCREET AND LOW-KEYED. BY CONTRAST, IN MULTILATERAL FORUMS (E.G. IN OECD MEETINGS AND FORTHCOMING UNCTAD COMMITTEE ON SHIPPING), WE EXPECT US REPS TO FORCEFULLY REITERATE US OBJECTIONS TO AND CRITICISMS OF CODE. THIS WILL PERMIT CONTINUED BUILD-UP OF RECORD ESTABLISHED AT GENEVA CONFERENCE OF DEFECTS IN CURRENT CODE, WHICH IDEALLY COULD PAVE WAY FOR CONSTRUCTIVE REVISION CONFERENCE ON CODE IN 5 YEARS' TIME. AT SAME TIME WE ARE UNDER NO ILLUSIONS THAT, EVEN WITHOUT OR BEFORE ITS LEGAL ENTRY INTO FORCE, SOME LDC'S WILL ATTEMPT TO IMPLEMENT THE CODE UNILATERALLY.

2. THE MAGIC NUMBERS: 24 COUNTRIES HAVING AT LEAST 25 PER CENT OF THE WORLD'S LINER TONNAGE NEED TO RATIFY AND/OR ACCEPT THE CONVENTION TO BRING IT INTO FORCE. THIS COULD BE READILY ACCOMPLISHED IF ALL COUNTRIES VOTING

IN FAVOR OF CODE AT GENEVA RATIFY CONVENTION. HOWEVER, THIS WILL NOT NECESSARILY OCCUR, AND CERTAINLY NOT IMMEDIATELY. WE ARE AIRPOUCHING ADDRESSEE POSTS A TONNAGE PERCENTAGE ANALYSIS). SITUATION APPEARS AS FOLLOWS:

(A) LDC'S BY THEMSELVES DO NOT HAVE SUFFICIENT VOTING POWER, AND WOULD NEED EITHER SOME ADDITIONAL GROUP B (WESTERN DEVELOPED) OR GROUP D (EASTERN EUROPEAN SOCIALIST) RATIFICATIONS.

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(B) IF FLAGS-OF-CONVENIENCE COUNTRIES (ESP. LIBERIA AND PANAMA WHO VOTED IN FAVOR OF CODE BUT TOOK NO PART IN DISCUSSIONS) ARE DEDUCTED FROM LDC TOTAL, ACTIVIST LDC'S WILL NEED RATIFICATION BOTH FROM SOME GROUP B AND D COUNTRIES.

(C) BECAUSE OF SIZE OF THEIR TONNAGE AND/OR THEIR

INFLUENCE WITH OTHER COUNTRIES, KEY COUNTRIES FOR ENTRY INTO FORCE WILL BE JAPAN, FRG, FRANCE, USSR, POLAND, LIBERIA, PANAMA, BRAZIL, ARGENTINA, INDIA, AUSTRALIA AND CHINA. THIS ASSUMES THAT MANY LDC'S WILL MOVE PROMPTLY TO RATIFY.

3. BACKGROUND ON COUNTRY POSITIONS:

(A) JAPAN PARTICIPATED INTENSIVELY IN FINAL COMPROMISE NEGOTIATIONS, FEELS ITSELF THEREBY HEAVILY COMMITTED, AND WAS UNDER STRONG PRESSURE FROM SE ASIANS TO VOTE FOR CODE AT CONFERENCE. IT DUBIOUS HOWEVER THAT JAPANESE ECONOMIC INTERESTS WOULD BE BEST SERVED BY CODE, ESP. BECAUSE OF CARGO-SHARING SCHEME. JAPAN ALSO HIGHLY SENSITIVE TO US AND OTHER OECD COUNTRY VIEWS ON CODE.

(B) FRG SHIPPING INTERESTS EXPECT TO BENEFIT FROM CODE'S CARGO-SHARING. IT NOT CLEAR HOWEVER THAT FRG SHIPPER AND ANTI-TRUST INTERESTS FULLY TAKEN INTO ACCOUNT IN FRG YES VOTE AND WE UNDERSTAND FRG WILL CONDUCT INTENSIVE INTER-AGENCY REVIEW THIS SUMMER. FRG ALSO WAS SUBJECTED TO BITTER CRITICISM FROM NORWEGIANS AND OTHER SCANS ON

CARGO-SHARING ISSUE AND MAY FEEL UNCOMFORTABLE ISOLATED FROM NORTHERN EUROPEANS AND US. FRG SHIPPING INTERESTS HAVE CONTINUALLY LOBBIED IN US IN FAVOR OF CODE'S CARGO-SHARING.

(C) FRANCE TOOK LEAD IN OFFERING COMPROMISES TO LDC'S DURING CODE NEGOTIATIONS AND MAY PRESS AHEAD FOR RATIFICATION: A) IN ORDER TO REAP LDC GOODWILL, AND B) IN RESENTMENT AGAINST PAST NORTHERN EUROPEAN DOMINATION OF LINER CONFERENCES TO PREJUDICE OF FRENCH LINES.
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(D) USSR OBVIOUSLY SOUGHT POLITICAL ADVANTAGE FROM UNCTAD NEGOTIATING SITUATION ALTHOUGH GROUP D COUNTRIES DID OFFER NUMBER OF CONSTRUCTIVE COMPROMISES. THEY WERE UNCOMPROMISING HOWEVER WHEN THEIR BASIC ECONOMIC INTERESTS WERE AT STAKE, WHICH WAS SELDOM. FUTURE USSR ACTION IS ENIGMA.

(E) POLAND, WITH MORE ECONOMIC INTERESTS INVOLVED THAN SOVIETS, PLAYED MAJOR ROLE AS PRINCIPAL GROUP D SPOKESMAN. THEY DISENCHANTED AT END WITH LDC INTRANSIGENCE AND IMPRACTICALITY ON KEY ISSUES, ABSTAINED ON SOME VOTES ON INDIVIDUAL PARAGRAPHS OF CODE BUT PROBABLY WILL BE GUIDED ON RATIFICATION BY POLITICAL CONSIDERATIONS, INCLUDING SOVIET DECISION.

(F) LIBERIA AND PANAMA PLAYED NO ROLE EXCEPT TO VOTE AT FINAL SESSION. CODE'S DISCRIMINATION AGAINST THIRD-FLAG SHIPPING LINES COULD BE HIGHLY PREJUDICIAL TO FLAGS-OF-CONVENIENCE FLEETS, AND LIBERIAN AND PANAMANIAN CAPITALS' ASSESSMENT OF CODE COULD PRODUCE THIS CONCLUSION.

(G) BRAZIL AND ARGENTINA WERE AMONG THE MOST ACTIVE PARTICIPANTS IN DEVELOPMENT AND NEGOTIATION OF CODE BUT HAD SIGNIFICANT PROBLEMS WITH FREIGHT RATE PROVISIONS, TRANSLATED INTO ABSTENTIONS ON FINAL VOTE ON SEVERAL KEY PARAGRAPHS. BRAZIL READS ARTICLES IN QUESTION AS RESTRICTING UNILATERAL ACTION ON FREIGHT RATES. WE DO NOT KNOW WHETHER THIS PROBLEM SIGNIFICANTLY GRAVE ENOUGH TO PRECLUDE ADHERENCE. IN OTHER RESPECTS, CODE REPRESENTS INTERNATIONALIZATION OF BRAZILIAN SHIPPING POLICY AND XR
ZIL'S FAILURE TO RATIFY PROMPTLY COULD HAVE INTERESTING REPERCUSSIONS.

H. CHINA PARTICIPATED MINIMALLY IN THE DISCUSSIONS BUT INVARIABLY VOTED WITH THE GROUP OF 77.

I. INDIA PLAYED A MAJOR LEADERSHIP ROLE FOR THE LDC'S AS EVIDENCED BY INDIAN CHAIRMAN OF THE CONFERENCE AND INDIAN GROUP OF 77 REPRESENTATIVE FOR COMMITTEE II
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(WHEREIN MOST SUBSTANTIVE ISSUES WERE DEALT WITH). PRIMARY EFFORTS SPENT ON ADOPTION OF CONCEPT OF 40-40-20 SPLIT OF TRADE SHARES.

4. OECD INVISIBLES COMMITTEE IS CURRENTLY EXAMINING QUESTION OF POSSIBLE INCOMPATIBILITY BETWEEN UN CONVENTION AND OECD CODE OF LIBERALIZATION ON INVISIBLES. RESULTS OF STUDY EXPECTED BY END OF YEAR. THIS EXERCISE SHOULD INHIBIT MOST OECD COUNTRIES FROM RATIFYING BEFORE END OF YEAR AND MAY PRODUCE CONCLUSIONS WHICH COULD CAUSE SOME OECD COUNTRIES (E.G. BELGIUM, FRG, AND JAPAN) WHICH VOTED FOR CODE NOT TO RATIFY AT ALL. OUR VIEWS THIS EXERCISE SET FORTH IN STATE 147448.

5. FOR TOKYO: USREP(WEBB) TO OECD/MTC MEETING IN MAY ARRANGED WITH TOMITA FOR BILATERAL CONSULTATIONS ON CODE WITH JAPANESE FOR OCTOBER IN PARIS. WE UNDERSTAND TOMITA PREFERS TO DEFER THIS UNTIL AFTER COMPLETION INVISIBLES EXERCISE. EMBASSY SHOULD CLARIFY THIS WITH TOMITA, REITERATE US INTEREST IN COORDINATING CLOSELY WITH JAPAN ON CODE PROBLEMS, AND, AT DISCRETION OF EMBASSY, EXPLAIN AS FORCEFULLY AS POSSIBLE GREAT DIFFI-

CULTIES IN US-JAPAN SHIPPING RELATIONS THAT WOULD RESULT FROM JAPANESE IMPLEMENTATION OF CODE.

6. FOR MONROVIA AND PANAMA: EMBASSIES SHOULD CONTACT APPROPRIATE HOST GOVERNMENT OFFICIALS TO DISCUSS CODE, AND TO EXPLAIN EFFECTS ON THIRD-FLAG LINES IN MANNER WHICH HOPEFULLY WILL HELP RESPECTIVE OFFICIALS TO PERSUADE THEMSELVES THAT CODE NOT IN THEIR OWN INTEREST.

7. FOR BONN AND HAMBURG: POSTS SHOULD CONTACT FRG OFFICIALS IN SHIPPING AND OTHER DEPARTMENTS TO TAKE SOUNDINGS AND RAISE WITH NON-SHIPPIING OFFICIALS ILLIBERAL AND DISCRIMINATORY ASPECTS OF CODE AND INQUIRE HOW THEY RECONCILE FRG SUPPORT OF CODE WITH OTHER LIBERAL FRG FOREIGN ECONOMIC POLICIES.

8. OTHER ACTION ADDRESSEES: POSTS SHOULD DISCUSS MATTER WITH HOST GOVERNMENT IN WAY BEST DESIGNED TO ASSIST US OBJECTIVES.

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9. INFO POSTS: BILATERAL DISCUSSION WITH HOST GOVERNMENT LEFT TO DISCRETION OF POST. FYI. AUSTRALIA WAS INTRANSIGENT ON RANGE OF ISSUES AND OFTEN CONTRARY TO US POSITION; IT HAS ALREADY ANNOUNCED IN OECD IT

"GENERALLY SATISFIED WITH RESULTS." AUSTRALIA ALIGNED ITSELF WITH THE GROUP OF 77 BASED ON ADMITTED GEO-POLITICAL POSITION. AUSTRALIA PLANS TO DEVELOP AND PROMOTE NATIONAL FLAG FLEET BASED ON STATED TRANSPORTATION AND SECURITY NEEDS. AUSTRALIAN DELEGATION INDICATED CONSIDERABLE CONCERN WITH THE INTERNATIONAL DISPUTE SETTLEMENT PROVISIONS OF CODE (REFLECTED IN FINAL STATEMENT AT CONFERENCE).

10. SPAIN'S VOTE IN FAVOR WAS DICTATED BY POLITICAL CONSIDERATIONS; OTHERWISE IT WOULD HAVE ABSTAINED. IT IS POSSIBLE THAT SPAIN WOULD RECONSIDER. END FYI.

11. IF ANY OF ADDRESSEES CONSIDER THEY NEED ADDITIONAL INFO OR MORE INDIVIDUALLY-TAILORED TALKING POINTS, DEPARTMENT WILL PROVIDE. INGERSOLL UNQUOTE KISSINGER UNQUOTE KISSINGER

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